

## CHAPTER 6

### PROCUREMENT

#### INTRODUCTION

Indiana Code 5-22-2-24 defines procurement as the buying, purchasing, renting, leasing or otherwise acquiring any supplies or services. This includes all functions that pertain to the obtaining of any supply or service, such as description of requirements, selection or solicitation of sources, preparation and award of contracts, and all phases of contract administration.

The Department of Administration's Procurement Division has the authority and responsibility for all procurement under object codes 3, 4, and 5 by any state government entity (with a few exceptions). The Procurement Division has developed the Procurement Manual to assist agencies with the procurement process. The Manual includes the procurement code, document flow, definitions, ethics considerations, procurement methods, information on contracts, approvals required, and other aspects of the state's procurement process. The Procurement Manual should be reviewed whenever there is a question relating to procurement.

This chapter in the Accounting Manual relates the documentation to the state's accounting system.

#### PROCUREMENT AND PAYMENT METHODS

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| Local Purchases (SDO)             | - See Chapter 23 of the Procurement Manual.<br>Also See Chapter 7 of this Manual. |
| Sealed Competitive Bids           | - See Chapter 11 of the Procurement Manual.                                       |
| Streamlining - Special Delegation | - See Chapter 6 of the Procurement Manual.  |
| Request for Proposals             | - See Chapter 13 of the Procurement Manual.                                       |
| Broad Agency Announcement         | - See Chapter 12 of the Procurement Manual.                                       |
| Quantity Purchase Award           | - See Chapter 16 of the Procurement Manual.                                       |
| Types of Solicitations            | - See Chapter 7 of the Procurement Manual.  |

#### REQUISITION AND PURCHASE ORDER

It is the requesting agency's responsibility to complete the Requisition (SF #21301) form and submit it to the Procurement Division. The agency must ensure that the proper Fund/Object/ Center is used. The Object should begin with a 5. The agency should verify that the forms are accurate in all respects before submitting them to the Procurement Division. If an agency is using PeopleSoft Financials, AP/GL requires an organization (org.) code.

To aid in tracking of commitments, the requisition should be posted to the Document Control Register using the estimated cost.

After the Procurement Division has processed the requisition based on one of the procurement methods, the Division issues a Purchase Order (PO). Copies of the PO are sent to the Auditor of State to encumber allotted funds. The blue and pink copies of the PO will be forwarded to the requesting agency. After the PO is received, it should be reviewed to ensure it is the agency's and that the correct Fund/Object/Center was used. The requisition should be liquidated on the Document Control Register using the estimate from the requisition. The PO should then be compared to the Agency Available Funds Activity report.

After receipt of the commodity or service, the personnel responsible for receiving the commodity or service must sign the receiver (orange copy of the PO) after entering the quantities and the date received. (See Chapter 22 of the Procurement Manual, Receiving and Acceptance.) Then it should be submitted to the Auditor of State. If only a portion of the commodities or service was received, then a Report of Partial Delivery (SF #12537) would be completed. The amount of the partial should be recorded in the Record of Partial Payments section at the bottom of the blue copy of the PO. This assists you in tracking the balance of the PO.

### CHANGES TO PURCHASE ORDERS

Chapter 21 of the Procurement Manual discusses both monetary and non-monetary changes to a PO. After a monetary change has been approved, the requesting agency will receive the actual change document from the Auditor of State's office. The dollar amount of the change should be compared to what was requested. If it is different, contact the buyer at Procurement Division. The change should also be compared to the Agency Available Funds Activity report to ensure it was properly posted. If there is an error, contact the Auditor's Office.

### NON-COMPETITIVE PURCHASES UP TO \$500

Procurement Division policy allows purchases less than \$500 to be made without soliciting competition. However, the policy does not supersede internal policies that may exist within your agency regarding dollar limits for non-competitive purchases.

The policy exists to provide agencies the opportunity to purchase from local suppliers in more remote areas, reduce administrative and processing costs for minor purchases, and complete the purchase in a timely manner. It is very important, however, to continue to consider purchasing recycled content products and to include the minority business community whenever it is possible.

The policy also does not exempt agencies from the requirement to purchase items that are available on QPA or through PEN Products and IN-ARF, if their items will meet the user's needs. Items available from these sources must be purchased from these sources unless proper justification is provided.

Purchases of more than \$500, but less than \$25,000, should be made using the streamlining policies and procedures. With special delegation from the Procurement Division, the streamlining policies and procedures may be used for purchases up to \$75,000.

### PROCUREMENT STREAMLINING PROGRAM

The Procurement Streamlining Program provides agencies the delegated authority to procure goods and services costing \$500 to \$75,000. This is effective for an agency upon the approval of the agency's purchasing plan and completion of a training program. The process will delegate authority for all purchasing activity less than \$25,000, and with special approval up to \$75,000. The special approval is not automatic

even if you are already approved for streamlining. The payment method for a purchase of less than \$5,000 is by claim voucher and for \$5,000 to \$75,000 by purchase order through the Department of Administration. Certain exemptions apply.

Agencies are responsible for complying with all requirements established by the Department of Administration relative to this program. Agencies are subject to periodic assessments by Procurement Division staff and audits by the State Board of Accounts.

Contact the Department of Administration's Procurement Division with any questions regarding the Procurement Streamlining Program.

## OFFICE SUPPLIES

Procurement of office supplies is through the QPA vendor. To order, fax the requisition form (form BC424.DM) to the QPA vendor. (With training and a special user name and password you may order through the Internet.) After receiving items ordered, compare the packing list to your requisition to ensure you received all items ordered. The QPA vendor will submit an ID-Bill to the Auditor of State to charge the appropriate fund/centers. The QPA vendor will send the purchasing agency a Summary Billing. Compare the requisition, Summary Billing, and the amounts charged to your fund/centers to insure that you paid only for items received.

## APPROVALS

Certain transactions and procurements require approval before processing. Some of the approvals are summarized below.

Approval by Budget Agency:

- Requests for the purchase of equipment with an estimated value of \$25000 or more.
- Request for the lease of or rental of equipment with an estimated annual cost of \$2,500 or more.
- All requests for Personal Service, whether payment will be under object 1 (Personal Services) or any other object. This includes personnel position changes and/or salary increases.
- Requests processed as Special Procurements exceeding \$25,000 (except emergencies or if agency has \$75,000 delegation) through the Procurement Division.
- Expenditures required for a workshop or seminar. Sponsoring agency should submit a memo itemizing all expenditures, ex: food, lodging, audiovisual expenses, honorariums, etc. Purchase of food for state employees is generally not allowed except as discussed in Financial Management Circular 98-1. Items for parties and alcoholic beverages are not allowed.
- Written contracts with an annual expenditure of more than \$25,000.
- Board or commission member salary per diem payments.
- Changes in telephone service.
- DPOC computer project related purchases.

- Capital improvements and repair and rehabilitation requests.
- Rules submitted to be promulgated.
- Establishment of a new fund/center.
- "Funds Checking" exemptions.
- Indirect costs transfers.
- Legislative funding requests.
- Request for allotment of funds.
- Transfer requests.
- Debt service payments.
- Any unclassified expenditure claims (i.e., 299, 399, 499).
- Requests for out-of-state travel.
- Exceptions to the travel rules.
- Interview and relocation expenses payments.
- Requests for the removal of the state decal on state owned vehicles.
- Budget Agency Administrative Action (example: transfers between object 1 and objects 2-9, fund/center transfers).

If you are unsure whether Budget Agency approval is needed or have questions about approvals, contact your Budget Analyst.

**Commission on Public Records:**

Approval for requests related to forms design, record duplication, storage, retrieval and destruction.

**Data Processing Approval Authority:**

Requests for data processing, word processing, or telecommunications supplies and services with a cost of \$5,000 or more must be approved by an entity authorized by the Data Processing Oversight Commission (DPOC) prior to processing by the Procurement Division. This entity may be DPOC, the Office of Systems Technology, the Division of Information Technology, the Commissioner of DOA, or a committee within the originating agency. The data processing approvals are outlined in detail in the State Information Processing Manual.

**Attorney General:**

- All QPAs
- Procurements of \$100,000 or more.
- Non-approved contracts over \$2,500.

**Governor:**

- Sole Source procurements over \$50,000.